PARRILLO INVESTORS LLC

Questions to Ask Your Current or Prospective Advisor

Know what you are paying. Know what you are getting.

Most people with a wealth manager never question the relationship. Not because they are satisfied, but because the subject feels too complicated to engage. The fee, usually 1%, probably seems trivial, especially since the stock market has provided mid-teens total returns since 2009. It is not.

The math is stubborn. Even at a conservative 8%, well below the market's return since 2009, a 1% annual management fee on a $1,000,000 portfolio over twenty years does not cost $200,000. It costs **$845,844**, the difference between what that portfolio would have earned and what it earns after fees. That number is not hypothetical. It is arithmetic.

The five questions below are not complicated. They require no financial expertise to ask. But they will tell you everything you need to know about whether your wealth manager is working for you or for their firm. Asked in good faith, they can also strengthen a relationship worth keeping.

1. **In plain language, what is your firm's specific advantage that justifies your fee versus just owning an index fund?**

   If the answer includes tax and financial planning, ask what they would charge separately for those services. *(They will say these are included in the asset-based fee, which accrues daily whether or not your plan changes.)*

2. **How has my account performed compared to a simple index fund after your fees over the past one, three, five, and ten years in dollar and percentage terms?**

3. **What is the business purpose of your firm, and how does it serve me rather than your firm?**

4. **How do you determine my risk tolerance and appetite for return, and how do you structure my portfolio to reflect those preferences?**

5. **If I asked you to manage my account to match the index rather than beat it, would your fee change?**

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